

EXHIBIT 1

INTRODUCTION

Respondent Kathleen E. Doyle was an unsuccessful candidate for a seat on the Sonoma County Board of Supervisors, Second District, in the 1998 Primary election. Respondent Kathleen Doyle for Supervisor (the “Committee”) is the controlled committee of Respondent Kathleen E. Doyle. Respondent Erin Doyle was the treasurer of Respondent Committee.

This case arose from an audit of Respondent Committee by the Franchise Tax Board (“FTB”) for the period January 1 through June 30, 1998. During the audit period, Respondents reported receiving contributions totaling \$38,155 and making expenditures totaling \$34,418. The FTB audit found that Respondents failed to maintain detailed records and accounts regarding their activities, as required by the Political Reform Act (the “Act”).¹

For the purposes of this Stipulation, Respondents’ violations of the Act are stated as follows:

COUNT 1: Respondents Kathleen E. Doyle, Kathleen Doyle for Supervisor, and Erin Doyle failed to maintain the detailed records and accounts necessary to prepare the pre-election campaign statement that was filed on March 24, 1998, for the reporting period February 11 through March 17, 1998, in violation of Government Code section 84104.

COUNT 2: Respondents Kathleen E. Doyle, Kathleen Doyle for Supervisor, and Erin Doyle failed to maintain the detailed records and accounts necessary to prepare the pre-election campaign statement that was filed on May 21, 1998, for the reporting period March 18 through May 16, 1998, in violation of Government Code section 84104.

COUNT 3: Respondents Kathleen E. Doyle, Kathleen Doyle for Supervisor, and Erin Doyle failed to maintain the detailed records and accounts necessary to prepare the semi-annual campaign statement that was filed on July 31, 1998, for the reporting period May 17 through June 30, 1998, in violation of Government Code section 84104.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish these purposes of disclosure.

Under the Act's campaign reporting system, candidates and their controlled committees are required to file periodic campaign statements and reports disclosing their financial activities. Section 82013, subdivision (a) includes within the definition of a "committee" any person or combination of persons who receives contributions totaling \$1,000 or more in a calendar year. Section 84200, subdivision (a) requires all candidates and their controlled committees to file semi-annual statements each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31. Additionally, during an even-numbered year, section 84200.5, subdivision (b) requires all candidates being voted upon on the first Tuesday after the first Monday in June or November, and their controlled committees to file pre-election statements pursuant to section 84200.7. In the case of a June election, section 84200.7, subdivision (a) provides that a pre-election statement must be filed no later than March 22 for the period ending March 17, and no later than 12 days before the election for the period ending 17 days before the election.

To ensure accurate campaign reporting, section 84104 imposes a mandatory duty on each candidate, treasurer, and elected officer to maintain detailed accounts, records, bills and receipts that are necessary to prepare campaign statements and to comply with the campaign reporting provisions of the Act. This requirement, as interpreted by regulation 18401, includes a duty to maintain detailed information and original source documentation for all contributions and expenditures, which under subdivision (b)(2) are required to be retained for a period of four years following the date that the campaign statement to which they relate was filed.

Under section 84100 and regulation 18427, subdivision (a), it is the duty of a committee's treasurer to ensure that all requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds are complied with. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

Respondent Kathleen E. Doyle was an unsuccessful candidate for a seat on the Sonoma County Board of Supervisors, Second District, in the 1998 Primary election. Respondent Kathleen Doyle for Supervisor, formed on March 5, 1998, was the controlled committee of Respondent Kathleen E. Doyle. Respondent Erin Doyle was the treasurer of Respondent Committee.

The FTB initiated an audit of Respondent Committee's finances for the period January 1 through June 30, 1998, during which time Respondents reported receiving contributions totaling \$38,155 and making expenditures totaling \$34,418. However, the FTB was unable to express an opinion regarding Respondents' compliance with the Act, because Respondents failed to maintain detailed records and accounts to substantiate their financial activities.

Respondent Kathleen E. Doyle is a Certified Public Accountant, and has acted as the treasurer in approximately ten other campaigns. In December 1999, Respondents destroyed all the campaign records of Respondent Committee in order to make room for Respondent Kathleen E. Doyle's client files for the upcoming 1999 tax year preparation season.

COUNT 1

Failure to Maintain Detailed Records and Accounts for the First Pre-election Statement

Respondents were required by section 84104 and regulation 18401, subdivision (a) to maintain detailed information and original source documentation for each contribution of \$25 or more and for each expenditure of \$25 or more. In a pre-election campaign statement filed on March 24, 1998, Respondents reported receiving a total of \$3,159 in contributions during the reporting period February 11 through March 17, 1998. The audit revealed that Respondents did not maintain detailed information regarding contributors, including original source documentation for the contributions that they received. During the same reporting period, Respondents reported making a total of \$571.52 in expenditures. Respondents did not maintain the detailed information regarding payees, including original source documentation for the expenditures that they made.

By failing to maintain detailed records and accounts necessary for the preparation of the first pre-election statement that was filed on March 24, 1998, covering the reporting period February 11 through March 17, 1998, Respondents violated section 84104.

COUNT 2

Failure to Maintain Detailed Records and Accounts for the Second Pre-election Statement

Respondents were required by section 84104 and regulation 18401, subdivision (a) to maintain detailed information and original source documentation for each contribution of \$25 or more and for each expenditure of \$25 or more. In a pre-election campaign statement filed on May 21, 1998, Respondents reported receiving a total of \$27,183 in contributions during the reporting period March 18 through May 16, 1998. The audit revealed that Respondents did not maintain detailed information regarding contributors, including original source documentation for the contributions that they received. During the same reporting period, Respondents reported making a total of \$17,760.04 in expenditures. Respondents did not maintain the detailed information regarding payees, including original source documentation for the expenditures that they made.

By failing to maintain detailed records and accounts necessary for the preparation of the second pre-election statement that was filed on May 21, 1998, covering the reporting period March 18 through May 16, 1998, Respondents violated section 84104.

COUNT 3

Failure to Maintain Detailed Records and Accounts for the Semi-annual Statement

Respondents were required by section 84104 and regulation 18401, subdivision (a) to maintain detailed information and original source documentation for each contribution of \$25 or more and for each expenditure of \$25 or more. In a semi-annual campaign statement filed on July 31, 1998, Respondents reported receiving a total of \$6,923 in contributions during the reporting period May 17 through June 30, 1998. The audit revealed that Respondents did not maintain detailed information regarding contributors, including original source documentation for the contributions that they received. During the same reporting period, Respondents reported making a total of \$18,933.44 in expenditures. Respondents did not maintain the detailed information regarding payees, including original source documentation for the expenditures that they made for each expenditure made.

By failing to maintain detailed records and accounts necessary for the preparation of the semi-annual statement that was filed on July 31, 1998, covering the reporting period May 17 through June 30, 1998, Respondents violated section 84104.

CONCLUSION

This matter consists of three counts of violating section 84104, which carry a maximum administrative penalty of Six Thousand Dollars (\$6,000).

The FTB was unable to verify the information reported on the campaign statements of Respondent Committee.

Respondent Kathleen E. Doyle is a Certified Public Accountant, well-trained in keeping records which may be required for future audits, and has acted as treasurer for other candidates and committees. In this case, the destruction of Respondents' campaign records appears to have been inadvertent on the part of Respondent Kathleen E. Doyle's employees. However, Respondents' failure to keep those records made it impossible to determine whether Respondents committed other violations of the Act.

The historical penalty range for recordkeeping violations is \$750 to \$2,000 per violation. As the violations made it impossible for FTB to verify the financial activities of Respondent Committee, a penalty near the middle of the historical penalty range is appropriate.

Accordingly, the facts of this case, including the aforementioned factors, justify imposition of the agreed upon administrative penalty of Four Thousand Dollars (\$4,000).